

ORIGINAL

MEMORANDUM
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TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: March 7, 2011

RE: ORANGE GROVE WATER COMPANY, INC. - EXTENSION OF TIME ON A
COMPLIANCE ITEM (DOCKET NO. W-02237A-08-0455)

Arizona Corporation Commission

DOCKETED

MAR 7 2011

DOCKETED BY

In Decision No. 71110, dated June 5, 2009, the Arizona Corporation Commission ("Commission") approved the application of Orange Grove Water Company, Inc. ("Orange Grove" or "Company") for a permanent rate increase.

As part of Decision No. 71110, the Commission ordered that Orange Grove comply with the following:

"...file with Docket Control, as a compliance item in this docket, no later than June 30, 2010, a Certificate of Approval to Construct the 60,000 gallons of water storage capacity and shall file no later than December 31, 2010, a Certificate of Approval of Construction of the 60,000 gallons of water storage capacity."

On November 9, 2010, Orange Grove docketed a filing with the Commission which included both the Approval to Construct ("ATC") on the 60,000 gallons of water storage capacity and a request for extension of time for provision of the Approval of Construction ("AOC"). In the application, the Company stated that "due to the delays in acquiring the ATC, construction of this project (the AOC) cannot be met by December 30, 2010". The Company therefore requested that the Commission extend the December 31, 2010, due date for provision of the AOC until June 30, 2011.

On January 11, 2011, Staff contacted Ms. Kathleen Day, President, to discuss the Company's request for extension of time of the AOC due date. Ms. Day stated that the administrative delays were due to additions and corrections to the ATC application and to obtaining estimates on the storage tank project to present to the Water Infrastructure Financing Authority ("WIFA"). She also informed Staff that her consultant, Mr. Fred Warren of Environmental Technology Assistance Corporation ("ETAC"), was preparing to docket a WIFA application for financing and a Commission application for financing authority. On February 23, 2011, Staff contacted Mr. Warren and confirmed that the Company's WIFA loan application had been filed in late January of 2011 and that the application for financing authorization had been filed on February 22, 2011.

Given that the WIFA and Commission applications were just recently filed, Staff inquired whether the Company's proposed June 30, 2011 extension date was appropriate. Both Ms. Day and Mr. Warren stated that a December 31, 2011, extension date was more realistic based on current conditions. Staff accepted this as a verbal amendment to the application for extension of time and processed the application as a request for extension of time until December 31, 2011, for provision of the AOC.

Staff finds that the remaining process to the AOC includes first completing a financing application with the Commission to receive authority to accept a WIFA loan. Then the Company will need to finalize the WIFA loan and order the storage tank, which has 60-90 day delivery time. The Company must then complete construction of the project and, finally, apply for and receive the required AOC from the Arizona Department of Environmental Quality.

Based on the above, Staff concludes that the Company has the necessary applications in place but faces a difficult timeline to complete the necessary steps and receive the AOC in the near term. Staff, therefore, does not object to the Company's amended proposal for extension of time until December 31, 2011. Staff recommends that the Commission extend the due date for Orange Grove's provision of the required AOC until that time.

SMO:BKB:lhbm

Originator: Brian K. Bozzo

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DOCKET NOS.

ORANGE GROVE WATER COMPANY
W-02237A-08-0455

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